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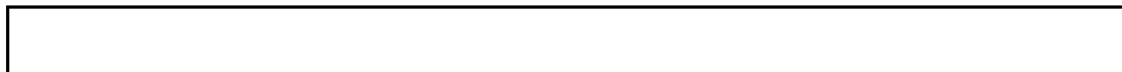
28 September 1961



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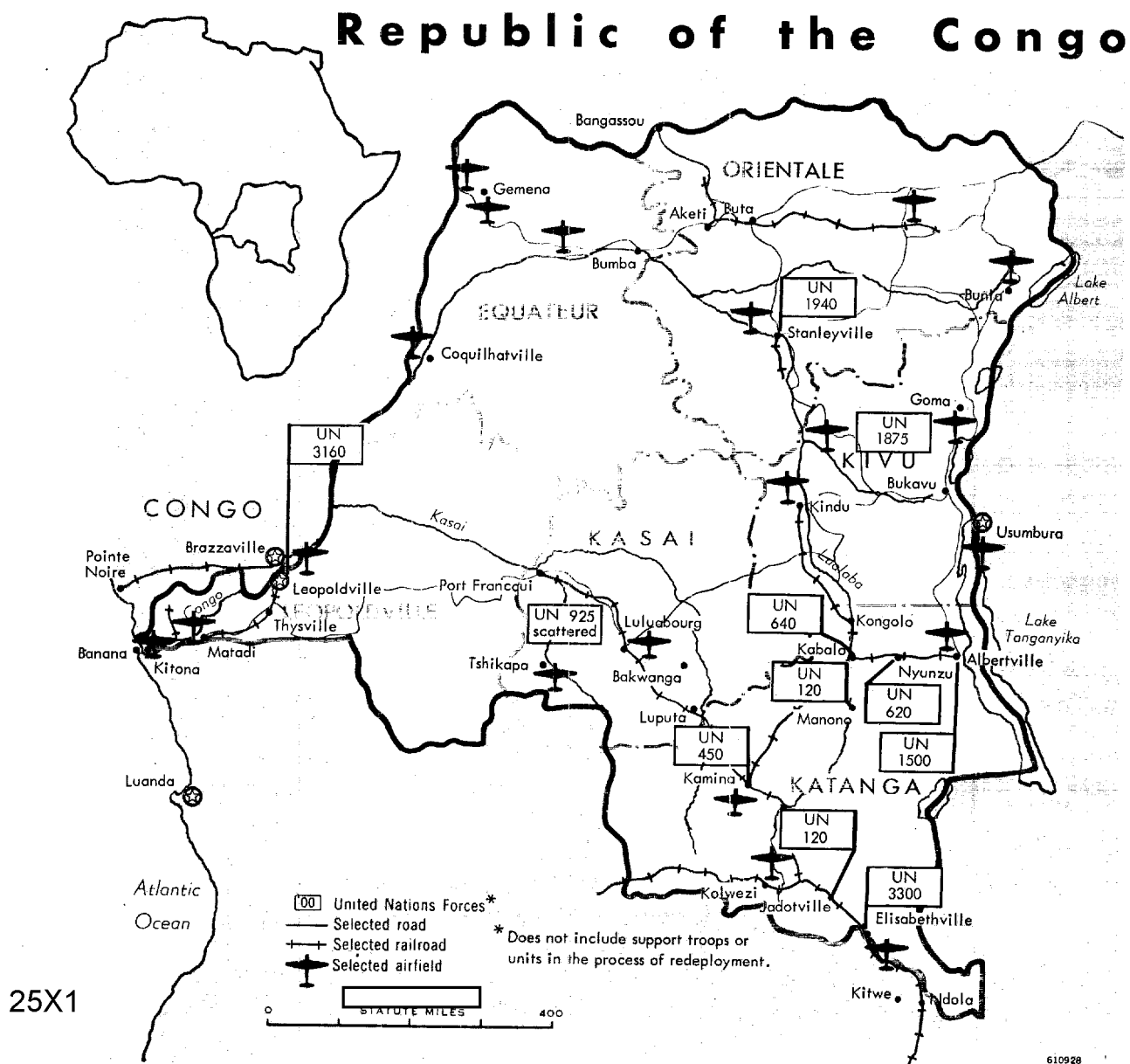
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Congo: Mahmoud Khiari, the Tunisian who heads the two-man UN team which is negotiating with Katangan officials, told Ambassador Gullion in Leopoldville on 25 September that he was optimistic concerning the chances for a reconciliation between the Elisabethville and Leopoldville governments. He said he believed such a reconciliation could be based on Tshombé's inclusion in the Leopoldville government in a high post such as defense minister. Khiari added that Tshombé had been greatly impressed by Khiari's blunt assertions of the "folly" of the Katangan position. Ambassador Gullion comments that Khiari "seems inclined to freewheel and has great faith in himself as an African," but that he is undoubtedly able and now has a vested interest in reconciling Katanga with the central government.

*At the first meeting between the UN and Katangan negotiating teams on 26 September, the chief negotiator for Elisabethville reiterated previous demands that UN troops be withdrawn from Katanga, and put this demand forward as a condition for continuation of the joint meetings. He backed down on this, however, when Khiari threatened to return immediately to Leopoldville. After the meeting, Khiari said he believed the Katangans might be "merely following the logic of Bantu palaver" and it might take several days to bring them around to serious negotiations.

Tshombé's call on 27 September for an immediate meeting between himself and Adoula is consistent with his earlier efforts to project himself as a moderate and does not necessarily imply that he will modify his demands.

An American official who recently left Elisabethville comments that both Africans and Europeans in Katanga interpret the UN's present defensive military posture as a sign of weakness.

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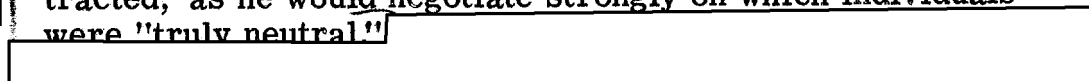
*Laos: In their meeting at Namone on 27 September, the Vientiane group and the delegations representing Souvanna and the Pathet Lao reportedly agreed on a new meeting of Souvanna, Souphannouvong, and Boun Oum. The site agreed upon--Hin Heup, about 50 miles north of Vientiane--represents a concession by the government, which had been insisting on Luang Prabang. However, the dividing line between the opposing forces runs through Hin Heup, and the timing of the meeting and its precise location within the town apparently remain to be decided.

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Phoumi, in conversation with Ambassador Brown on 26 September, appeared to have adopted a more lenient view of Souvanna. While commenting that the depth or sincerity of Phoumi's apparent conversion could not be measured, Ambassador Brown states that Phoumi gave every impression of a sincere desire to reach agreement with Souvanna on a government under Souvanna's leadership. Phoumi did, however, say that negotiations on the government's composition would be protracted, as he would negotiate strongly on which individuals were "truly neutral".

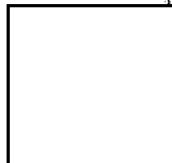
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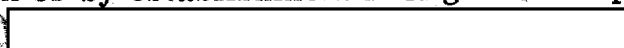
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France-Algeria: De Gaulle on 26 September reportedly told a delegation of the Socialist party that the situation in Algeria is "explosive" and he would not be surprised to see new disorders in which "large numbers" of Europeans or Moslems were killed. Intimating that French representatives are in contact with the provisional Algerian government (PAG) to set a date and place for new negotiations, De Gaulle reportedly stated he would want to be sure progress could be made before entering any new talks. He nevertheless reiterated that some sort of settlement will be reached by the end of the year, whether by partition or by establishment in Algeria of a provisional executive body.

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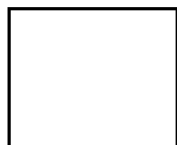
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Communist China: Peiping's recent announcement of the execution of a "Chiang Kai-shek special agent" for attempting to blow up the Kowloon-Canton railroad is its first public comment.

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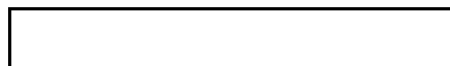


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on the 12 September Chinese Nationalist sabotage operation on the mainland near Hong Kong. Chiang Ching-kuo, Nationalist China's security chief, had previously informed US officials of this sabotage effort and had indicated that further operations were planned. The sabotage effort was apparently unsuccessful or resulted in negligible damage; both passenger and freight traffic on the railroad was normal on the day following the incident. Taipei's propaganda exploitation of the incident has largely been limited to stories in the pro-Nationalist Hong Kong press.

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Brazil: Although the administration of President Joao Goulart and Prime Minister Tancredo Neves has appointed a number of anti-Communists to important posts, some of the appointments being made provide the Brazilian Communist party with an opportunity for gains. Goulart has appointed Raul Riff, a Communist, as his private secretary, and the new attorney general, Evandro Lins, has a long history of supporting Communist causes. Reported military assignments to high posts--apparently made by Goulart--include two pro-Communists. However, Goulart's new chief of the civil "household"--

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a key post in domestic political affairs--belongs to the non-Communist left and has been described in a Communist party meeting as "an enemy of the party." Goulart has also appointed the strongly anti-Communist General Kruel as head of his military "household." [redacted]

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India: [redacted] Indian Communist party (CPI) leaders have again clashed sharply over their party's position on the Sino-Indian border dispute. During the meeting of the CPI's national council from 18 to 25 September, the radical faction strenuously resisted efforts by moderate General Secretary Ghosh and his backers to include some expression of support for the Indian Government on the border issue in the CPI manifesto being prepared for next February's national elections. Ghosh reportedly had been advised by Soviet party leaders during his recent visit to the USSR that the CPI would make a poor showing at the polls if the manifesto failed to include a critical reference to Communist China. Although the moderate draft reportedly was defeated by a vote of 23 to 21 during the national council's meeting, Ghosh probably will manage to ram through some compromise formula prior to the publication of the manifesto and his departure for Moscow on 10 October. [redacted]

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Ruanda-Urundi: The recent series of elections in this Belgian trust territory has brought rival governments to power in the two parts of the territory, and will make more difficult any meaningful cooperation between Ruanda and Urundi following their expected accession to independence as separate units in early 1962. In Ruanda a generally pro-Belgian party has retained its control over the administration; in Urundi the traditional tribal rulers, who distrust Brussels' past efforts on behalf of the peasant masses, have regained power. In both

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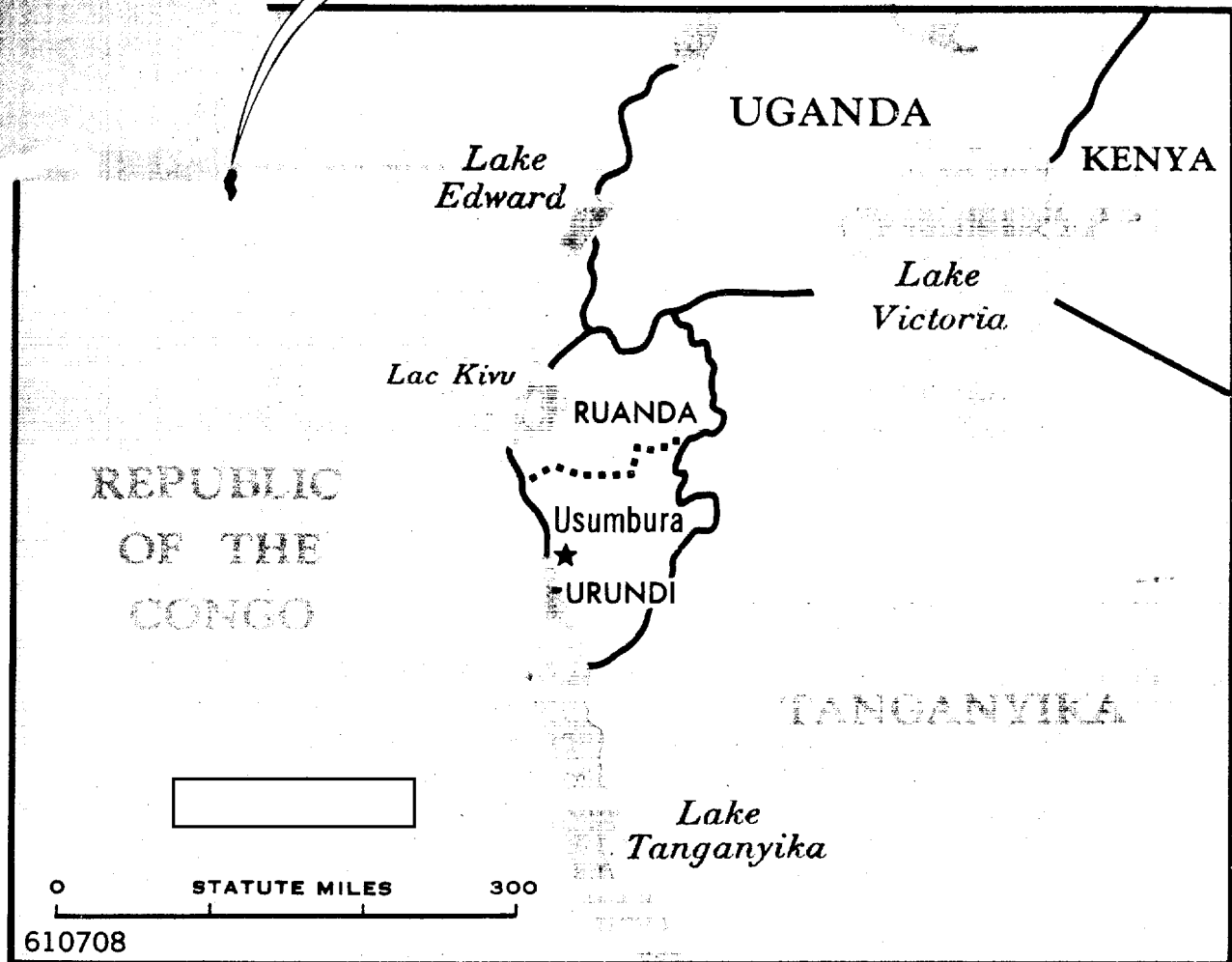
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RUANDA - URUNDI



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areas the elections took place with less violence than had been feared, but tribal tensions in both areas remain sharp, and only slight provocation would be needed during the next few months to provoke serious incidents. [REDACTED]

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[REDACTED] (Map)

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WATCH COMMITTEE CONCLUSIONS

On the basis of findings by its Watch Committee, the United States Intelligence Board concludes that:

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No Sino-Soviet bloc country intends to initiate direct military action in the immediate future.

NOTE: The USSR has taken certain steps to improve its military strength and preparedness while maintaining an appearance of willingness to negotiate a settlement on Berlin.

No

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South Vietnam: Further Communist Viet Cong attacks by battalion-size units present the government of Vietnam with an expanding challenge and probably foreshadow an intensified military effort by the Viet Cong to undermine the government.

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[REDACTED] 25X1

De Gaulle's Reported Plan for a "Local" Authority
And Force in Algeria

According to the press on 27 September, the Socialists quoted De Gaulle as envisaging next the establishment of a transitional "central power" supported by a 50,000-man "local" Moslem force. The idea of a "local" police force was first advanced by De Gaulle in a 5 September press conference at which he asserted that the establishment of an Algerian state could "normally" stem only from the process of self-determination--a referendum and elections--which should occur under a "provisional Algerian power" rather than under French authority and which would be supported by its own "local police force." This argument was designed to meet PAG objections to a referendum conducted in the presence--even if only for the purpose of assuring security--of the approximately 400,000 French forces in Algeria.

There is no indication that the rebel government has been consulted on De Gaulle's proposed step, although certain of its leaders have recently indicated that the PAG was not completely opposed to cooperating in an interim Algerian executive. The PAG has repeatedly declared itself opposed, however, to any unilateral French efforts to set up such an executive, and the move could hardly be successful without at least tacit agreement from the rebels. Algerian leaders have claimed that no meaningful vote could be held while a large French army was in Algeria, but have indicated that a reduction of French forces to the pre-revolt level of 60,000 would be acceptable.

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The actual composition and functions of any "local" force have been a matter of speculation for some time. If personnel of the force were drawn entirely from those Moslems now serving as regulars in or auxiliaries with the French Army, the PAG would probably object that it was in effect an extension of the French Army and hardly impartial. On the other hand, the French military, who have been concerned for some months over the loyalty of such troops, would almost certainly feel that severing those Moslems from their normal army environment

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would subject them to rebel propaganda and thus influence the electorate. Even the idea of a mixed French-rebel force was rejected earlier this year by one of De Gaulle's most trusted officers, the then commander-in-chief in Algeria, General Gambiez.

There is little likelihood that the proposed 50,000-man force could handle the internal security situation in Algeria. The disposition of the regular French forces during and after formation of the new force would also pose major problems. If the French forces were retained in Algeria to keep the lid on Moslem and European terrorism during the self-determination period, there would be little or no prospect of PAG cooperation to facilitate the transition of power. If, however, De Gaulle seemed intent on withdrawing large numbers and the present racial tension showed signs of getting out of control, his officers--most of whom already disagree with his Algerian policy--would probably resist him.

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Leftist Connections of the New Brazilian Government

Goulart, who has based his political career thus far largely on the support of organized labor, appears to be seeking support from Communist-led labor for his administration. Prime Minister Neves is said to have called 14 labor leaders belonging to the Communist party of Brazil to a meeting on 12 September. At the meeting Neves reportedly discussed the political situation and asked the leaders to initiate a mass movement which would give the new government a vote of confidence, but the Communists replied that they had not yet been informed of their party's position toward the Goulart administration. They reportedly assured Neves, however, that they would be willing to support Goulart and the new ministerial cabinet if the administration promised to comply with the basic program of the Brazilian Communist party.

Despite this indication of identity of interest between President Goulart and Prime Minister Neves, there are some indications that Goulart may be at odds with his Council of Ministers in the search for labor support. [REDACTED]

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[REDACTED] Goulart has appointed Osmildo Stanford, a Communist member of the Bank Workers' Union, as "unofficial federal labor coordinator," while Labor Minister Franco Montoro has given a high post in the Labor Ministry to a Christian Democrat in order to counter Stanford.

Former President Kubitschek, who is visiting Japan, expressed certainty during a press conference on 25 September that the new Brazilian Government will follow Brazil's traditional policy of alignment with the West. Kubitschek noted that the Brazilian Army is strongly anti-Communist and would revolt if Communists tried to take over the government. Queried whether the Brazilian people associate Castro with Communism, Kubitschek replied, "Without a doubt." The Japanese Foreign Office told the American Embassy in Tokyo that Kubitschek stated, during a call on Prime Minister Ikeda, that while he supported Goulart as President, he and the Brazilian people "would be watching" Goulart's performance. [REDACTED]

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Situation in Ruanda-Urundi

In Urundi, the nationalist UPRONA (Party of Unity and Burundi National Progress) party won an overwhelming electoral victory on 18 September by capturing 58 of the 64 legislative seats. This ensured the primacy of the Tutsi aristocracy and an early end to Belgian administrative control. The party was formed in 1959 to combat Belgian efforts to improve the position of the Hutu majority of the population, which had traditionally been held in feudal relationship by the minority Tutsis. Belgian officials have been instrumental in the formation of the Hutu-dominated Front Commun, which has worked closely with the Belgians in governing the territory.

UPRONA's victory is attributed by the Belgian resident, who views it as a "disaster," to superior organization, intimidation, emphasis upon support for the Mwami (King) which appealed to the feminine vote, and to the stress on a call for independence in late December. [Despite Tutsi leader Prince Rwagasore's moderate radio address following the election in which he indicated his desire to retain Europeans as advisers, many Belgian businessmen reportedly fear that they will be forced to leave in the near future.] The Belgian Foreign Office is disturbed by UPRONA's contacts with Gizengists in the Congo, but hopes the Mwami will provide sufficient strength and stability to prevent a dangerous drift.

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In Ruanda, where the Tutsis have lost their former dominance, the pro-Belgian Parmehutu party swept the elections on 25 September with some 80 percent of the vote. Similarly, in a referendum held the same day, the Hutus voted overwhelmingly against the return of the Mwami. The former Mwami, Kigeri, who had been deposed in a republican coup staged by the Hutus last March, tried to influence the election by returning to Ruanda several days before the voting, but he was arrested by Belgian officials and held in detention at Usumbura. Tension has been higher in Ruanda than in Urundi, and by election day there were some 4,000 Ruanda refugees in Uganda.

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